

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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|--------------------|---|---------------------------|
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Legislation Title:

AN ORDINANCE relating to City employment; authorizing the execution of a collective bargaining agreement between the City of Seattle and the International Association of Machinists and Aerospace Workers, District Lodge 160, Local 289 to be effective January 1, 2012 through December 31, 2013; and ratifying and confirming prior acts.

Summary of the Legislation:

This legislation authorizes a collective bargaining agreement between the City and the International Association of Machinists and Aerospace Workers, District Lodge 160, Local 289 ("Local 289"), providing for wages, employment benefits and other conditions of employment effective January 1, 2012 through December 31, 2013. This legislation affects approximately 75 City employees.

The City will increase union members' wages by 0.4 percent in 2012 and 3.3 percent in 2013, based on 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bremerton Area Consumer Price Index (CPI) for the period August 2010 through June 2011 to the period August 2011 through June 2012 with a 2 percent minimum and 7 percent maximum. Health care cost sharing will continue as agreed upon in the previous contract: the City will pay up to 7 percent of annual healthcare cost increases and then additional costs will be covered by the Rate Stabilization Fund. Once that Fund is exhausted, the City will pay 85 percent and employees will pay 15 percent of any additional costs. Other new items include the ability for employees to cash out 35 percent of their sick leave balances upon retirement to a voluntary employee benefit association (VEBA), a pre-tax deferral account to cover health care costs; the creation of a committee to discuss the effectiveness and utilization of city-sponsored training programs, and other cost-neutral changes to the collective bargaining agreement.

Background:

The collective bargaining agreement between the City and Local 289 expired on December 31, 2011. Union members continued to work on condition that their wages, hours and other working conditions be negotiated. Union members ratified the agreement in September of 2013.

☐ **This legislation does not have any financial implications.**

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Financial impacts of this legislation will be absorbed by affected departments and does not

require additional appropriations. Wage adjustments for 2012 and 2013 were included in the development of the respective biennial budgets.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?
See above.

b) What is the financial cost of not implementing the legislation?

If the contract is not legislated, employees will continue to receive the same wages that became effective on January 5, 2011. There may be additional legal risks associated with not implementing this legislation.

c) Does this legislation affect any departments besides the originating department?
Yes, this legislation affects Seattle City Light, Seattle Public Utilities, Parks and Finance and Administrative Services departments. This legislation will impact these departments' budget and to the extent provided in the collective bargaining agreement, the operational functions of their Local 289 union members.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? None.

e) Is a public hearing required for this legislation? No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No.

g) Does this legislation affect a piece of property? No.

h) Other Issues: None.

List attachments to the fiscal note below: None.